Caselet 1

Read the case carefully and answer the questions given at the end.

Ceylon Fertilizer is a urea manufacturing unit having a capacity of 500 tonnes per day. The total work force of the plant is around 2,000. Being a self-contained plant, it has its own workshop in order to take care of regular maintenance work. The workshop functions in two shifts a day under a shift- in-charge for each shift who is in the cadre of AEE. The workers have been grouped into two groups, i.e., Relay 'A' and 'B'. The shift routine changes once a week, Sunday being the weekly holiday. Besides the two shifts, there are a group of people under a Senior AEE attending in general shift hours.

The Relay 'A', consisting of 18 workers is placed under the charge of Shri Muthu who is a graduate in mechanical engineering. After undergoing training for a period of six months in various divisions in fertilizers, he had acquired a thorough knowledge of works to be undertaken by the Workshop. After being a Relay Supervisor for 3 years, he has been recently promoted to the post of AEE , who is the shift- in-charge. When he joined the workshop, he found that the tasks were done with the application of thumb-rules and higher officers had to be satisfied with such a quality of work.

Shri Muthu, on witnessing this, started to instruct his workers in various theoretical aspects of welding, machining etc., which he had studied in his college. They all highly appreciated the skill and techniques he had taught. The workers now learnt to do things in a better way. Thus, he gained the confidence of workers. As he was able to finish his work in time and in a better way than Relay 'B', more work orders were allotted to his group. A few workers in this group started to grumble and one of the Foremen came and told Mr. Muthu that the "other relay workers do not have much work load and our workers too do not want to strain much and they are murmuring over getting more work." Muthu, however, convinced the Foreman that extra work should be taken as a credit and recognition, and they should do their best. After this had happened some workers even tried to get transferred to the other Relay.

One morning, Muthu was making arrangements for the work to be taken and was giving instructions to his foreman. Turner, Kali , came and told him, "Sir, father of Fitter Sami expired last night and we all want to go and attend the funeral" and added "it is customary for the men in the workshop to attend such funerals and the shift-in-charge has to arrange a lorry or any conveyance for the people to go to Sami's house, which is nearly eight km from the Plant." Since Muthu joined the company, this was the first such instance occurring and as he had to finish some urgent work orders. He told the worker Kali , "You all need not go to the funeral. I can, however, permit a few of you as representatives of Relay 'A' to go and offer condolences to Sami's family".
Further, he regretted that he would not make any arrangements for conveyance, This statement created a turbulence among the workers and a group of workers stopped the work and started demanding that they be allowed to attend the funeral or else they wanted to stop work in the coming shifts. The Foreman hurried up to AFT, Mr . Muthu to explain the turbulent situation on the shop-floor.

On hearing this, Muthu told his Foreman, "1 have given you an alternative and I have already told the urgency of work and I am going to allocate the work as per planning schedule. If the work is not done, I may have to take action against you." Then the group of workers started discussing among themselves as to what to do next.

A Turner came forth and said, "You are not considerate enough on human matters and if you are still adamant we may prefer half-a-day wages cut as we must go and attend the funeral. Anyhow you have to make arrangements for our conveyance." Muthu at this instance noted that a small group, who were usually complaining about the workload and were murmuring, were keenly interested in the affair. 1 le decided to face the situation as a matter of prestige. He issued the gate pass to whoever wished to go, still emphasizing that he would not arrange any conveyance. Nearly 25 per cent of the workers remained and the others collected money from all for the funeral and went off.

On that day, Muthu could finish only a part of the work as planned and he had to explain what had happened in his Relay, to his boss.

When he came the next morning, it was rumoured that only a few of the workers attended the funeral and the others had gone to the cinema theatre near the village. Muthu got irritated by the workers' behaviour and started writing memos to those who had received the gate pass the previous day. Some workers got annoyed by this action of Muthu and they approached the union to intervene. The news had spread to other divisions and there was an air of protest at all places in the Fertilizer Plant.

Questions :

(a) What is your view of the action taken by Mr. Muthu ?
(b) What are the weaknesses and strong points, as you consider, of Mr. Muthu as a Manager ?
(c) How would you have tackled the situation, if you were Mr. Muthu ?

Caselet 2

Synergy Formulations (India) Limited was a public limited company and had been in business of pharmaceuticals and drugs since 1988. The company set up its manufacturing plant at Ghaziabad near Delhi in 1988 having separate units for producing tablets, capsules and oral liquids.

Under its expansion programs an ultra modern state of the art plant was commissioned at Meerut in U.P. The company had its corporate office at Lucknow and registered office at Delhi. Synergy Formulations was a premium pharmaceutical company which had a nationwide distribution network. The company's annual turnover in 1995 was Rs. 10 crores. During the three year period of 1995-1998, Synergy was able to increase its turnover from Rs. 10 crores to Rs. 35 crores. Till 1998 the company was organized into two groups; the generic and OTC (over the counter) grouped together and the ethical division which functioned independently.

In 1998, the company decided to restructure its marketing organization into three separate and independent divisions in view of its phenomenal growth.

Synergy Formulation Limited in late 1997 reviewed its existing marketing organization structure with the intention of bifurcating the OTC and generic division. The issue was debated at corporate level. While the field staff and majority of managers at corporate level were of the opinion that the present arrangements were adequate and other strategies could be used to ensure better performance, the MD and one to two per cent of the senior executives at corporate level were vehemently propagating the reorganization of marketing division. They felt that this would lead to better control of field staff, optimum utilization of marketing resources and the independent groups would function more effectively which in turn would improve the performance of the different divisions.

In spite of the prevailing divergent view the MD's decision was implemented and the marketing organization was reorganized into three divisions: generic products, the unbranded products which were sold in bulk to hospitals, bulk buyers and nursing homes; ethical products, the medicines which were sold to users on the prescription of doctors and OTC products, those branded products which could be sold without any doctor's prescription.

As a result of the restructuring exercise all the sales staff of generic divisions were shifted to OTC division. New zonal and regional managers were hired for generic division. The company decided to discontinue field staff in generic division as it was felt that generic products were predominantly sold by the distribution channel and the role field staff was limited, hence their absence would not affect the sales adversely. The company now maintained separate accounts for the different divisions to avoid conflicts. Soon after the reorganization of the marketing department the corporate office noticed there were frequent clashes and disputes between the generic and OTC divisions. The causes for the conflicts could be ascribed to the following reasons:

- The distribution channel (Annexure I) was common for all the three divisions due to which it was experienced that the OTC and generic were competing with each other for orders from channel members who had limited monetary resources. The purchase from one division often leads to a cut in purchase from the other division. It appeared that the divisions were growing at the cost of each other at distributor level. This fluctuating sale affected the incentives received by sales staff which was based on the volume of sales generated by an individual.

- The company as a policy matter did not supply products to distributors who had outstanding payments to the company, be it on the account of generic division or the OTC division. There was discontentment in the OTC division as they often found that supplies were not being made on orders received by them due to the outstanding of the generic division. This supply policy affected the performance of the OTC division and in turn, their incentives.
- When the field staff of generic divisions was transferred to OTC division, the marketing overheads of the generic division were reduced and to encash on this, the company decided to reduce the prices of the generic products. The generic division became extremely price competitive in the market. Inspite of the reduced prices generic division did not show a considerable positive rise as was expected.

This fall in the performance of generic division was observed in the first quarterly review since the restructuring of the organization. The corporate executives of marketing felt concerned. The review showed that OTC division was flourishing and was in a position to double its sales in this period, but the generic division continued to show decline in sales. The generic division was the largest contributor of the sales turnover of the company (Annexure II). Though the profit contribution of the generic division was less than OTC but the company could not afford loss of sales in the generic division any more. On discussion with the distributors it was realized that the absence of intermediaries between the distributors and their bulk customers was leading to loss of goodwill and customers. The channel members were of the opinion that the transfer of field staff had been counter-productive to the marketing effort and in the long-term interest of the company, field staff was an essential element of the supply chain though they were able to generate only 30% of the total sales in the generic division. They recommended the recruitment of field staff in generic division and that the status co-ante he achieved. The organization hired new junior field staff for the generic division in October, 1998.

The recruitment of field staff led to the increase in the marketing overhead. Since the organisation used cost plus pricing, it was forced to increase its MRP. This increase in price affected the sales of generic product adversely as generic products are extremely price sensitive. Synergy Formulation was now caught in a vicious circle. It neither could reduce prices nor discontinue the field staff in generic division.

Questions :

1. Identify the problems in this case. Give suggestions to reduce the conflict between the two divisions.
2. What in your opinion were the problems faced by Synergy generic division after its bifurcation from the OTC division ?
3. Do you think restructuring the marketing organization was a wise decision? Justify your answer.

Annexure-I

Three level distribution channel
Manufacturer — Distributor — Stockist — Retailer — Customer

Annexure II

Product category	**Sales turnover**
Generic	Rs. 17 crores
Ethical	Rs. 2 crores
OTC	Rs. 16 crores
Total	**Rs. 35 crores**

Caselet 3

Major Mohanty, a retired man from the army, joined as MD in Sunrise Limited, when the company was passing through a very bad period with declining production and productivity, heavy losses and low morale of the employees. Major Mohanty, after having made in-depth, logical and strategic studies of the situation, immediately flagged on what he called 'operation rejuvenation', with exclusive thrust on production and productivity related issues. People related matters were of no consequence for him, for he believed that people, by and large, are dull, lazy, shirkers and non-starters and as such work should be extracted from them only through constant watch, close supervision, complete and rigorous command and control. His style of functioning did yield some results, but before any impact could be seen, he abruptly left the organisation, having got a better assignment in the United States of America.

Major Mohanty was immediately succeeded by Mr. Soni, a man who had made a name for his balanced approach to people and production through participative style of management in his immediate position as the Deputy MD of a large organisation in a similar product line. He was, in fact, commended for his maximum concern for both people and production, and for bringing about an ideal integration and harmony between the needs of the employees and those of production.

In the present company also, Mr. Soni continued his policies of participative management with equal concern for both production and people. With a view to reviving the company back to health, he instituted some major changes. First of all, he decentralised the organisation so that the subordinates could exercise their discretion and initiative in decision making, as also their imagination and creativity in performing other managerial functions. Further he empowered the junior managers to incur expenditure upto an approved limit without seeking prior approval of the higher management. The communication system was also improved to facilitate free flow of upward and downward communication.

Mr. Soni also adopted several measures to reduce costs and wasteful expenditure. He banned donations to charitable institutions, but increased the amount being spent on the welfare activities of the employees. Will Mr. Soni's managerial style prove to be effective in ensuring a bright future of the company? Some employees are of the view that a lot of things are being done, but they might not be effective in the long run. Others disagree with them, and say, 'Okay, we will give it a trial.

Questions :

1. Was Major Mohanty a theory 'X' or a theory 'Y' Manager ? Explain with reasons.
2. Is Mr. Soni a theory 'X' or a theory 'Y' Manager ? Will you advise Mr. Soni to change his presumptions about the nature of people at work ? Give reasons in support of your advice.
3. How do you describe Mr. Soni's managerial style in the light of 'Managerial Grid' of Blake and Mouton? Can it be regarded as the best style of management? Support your answer with arguments.
4. Identify the possible problems that can arise from Mr. Soni's way of institutionalizing the changes in rules and regulations.

Caselet 4
BELLASTI COMPANY LIMITED

Bellasti is a pioneer in the field of marketing surgical cotton, lint, adhesive plaster, and allied products. Started seventeen years ago with a couple of employees, in a hotel-room in New Delhi, the business had grown in size to over 132 employees in1967, operating from the three cities of Delhi, Bombay, and Calcutta. The sales had grown from a negligible turnover at the start to over 12 million rupees in the northern zone in L967, and to about 45 million rupees over the three zones.

During the period of growth, employee relationships in the organisation had been exceedingly good, the main characteristic being informality. The Chief Executive was affectionately called "DatJIa" for Dowlat Ram, who liked it. He was the seniormost member of the family owning the company. Though there was a Board of Directors, Dowlat Ram was everything in the company. He had professional people to assist him in the management of the company.

In1967, there was some restlessness among the staff on the award of increments. Dowlat Ram had an individual, man-to-man talk with his officers and satisfied them to some extent by awarding increments. In 1968, the dissatisfaction repeated, which was solved amicably.

In January 1969, Dowlat Ram had a heart attack, and doctors advised him to retire from active work. But he had too much of life in him to retire. He continued to work till September 1969 when he had the second attack. Then he retired in the real sense of the term. He stopped even a casual talk about the business and made gardening and religious activities his hobby. The restlessness of the staff noticed in 1967 and 1968 did not recur in1969, since the staff did not want to strain Dowlat Ram.

Harish, the Sales Development Manager, and the senior most in status among the officers, succeeded Dowlat Ram as the Chief Executive. He was 36, a graduate with Statistics and Economics, with a post-graduate degree in Market Research from the United States. He had studied Industrial Engineering as an elective subject. He had been with the company for eleven years, and was elevated to the post of Sales Development Manager after five years. He held shares in the company, though he was not related to Dowlat Ram.

By January 1970, Harish realized that there were no job classifications or grades in the company and salaries were paid on an ad hoc basic. Therefore, he felt that the time had come for rationalizing the wage structure. He sought the help of Arvind, a management consultant Arvind made a survey of the company and suggested job evaluation, using the point rating system. The Board of Directors accepted the suggestion of the consultant.

After that, within a week Harish appointed a Job Evaluation Committee consisting of the Administrative Officer, Arvind, and a clerk who was popular with the subordinate staff. There was no union. However, after the grades were worked out they were notified to the employees through a circular, with the proviso that employees were free to represent their objections, if any, to the revised grades. But there was no representation. The final proposals were ready by mid-March, i.e., ten weeks after the Committee was appointed- While some employees derived larger benefits than some others as a result of the changes, in some cases there was no change.

The grades were given effect from 1 April 1970. Two weeks later, two steno-typists tendered their resignations; a month later, a clerk wanted to leave. Two officers represented to Harish that they had been effectively down-graded, since an officer junior to them for years had been placed in higher grade.

The company's monthly wage bill had gone up by over Rs. 36,000.00 roughly eight per cent of the total wage bill - as a result of job evaluation and gradation.

The various jobs evaluated and classified under the scheme were as follows:

SL	Job Titles	Points	Grades
1	Development Engineer	280	I
2	Area Manager	269	
3	Administrative Officer	240	
4	Sales Rep. - Tech.	235	II
5	Publicity and PRO	222	
6	Cashier and A/c's Asst.	220	
7	Sales Rep. - Gen.	215	III
8	Secretary to Chief Exec.	176	IV
9	Sales Assistant	159	
10	P.A. to Chief Accountant	129	V
11	Stores Assistant	115	
12	Accounts Clerk-Purchase	113	
13	Steno to Area Sales Mgr.	111	
14	Accounts Clerk --Bank	111	
15	Steno-Typist	106	VI
16	Accounts Clerk-Stock	95	
17	Receptionist-cum-PABXTel. Op.	85	
18	Statistical Assistant	85	
19	Statistical Clerk	81	
20	Typist-Clerk	78	
21	Despatch Clerk	77	
22	Godown Keeper	71	
23	Telex Operator	71	
24	General Clerk	71	

Messenger boys, peons, and attenders were not evaluated. The total number of jobs evaluated was 102. The thirty delivery boys, messengers, and such others felt that they had been left out from the scheme and were deprived of the benefits given to other categories.
At this juncture the Board of Directors asked Harish for his explanation.

Questions:
(a) Identify the significant issues of the case.
(b) Analyze the organizational structure.
(c) What action plans could have been devised to avoid the problems?
(d) What would you suggest to the Board of Directors?

Caselet 5

Arun joins 'ZAPTO' chain of casual wear stores as a sales representative, immediately after the completion of graduation and a diploma in sales management. The firm was very happy with his extremely good performance. Arun was awarded the 'Star Performer Prize' for his continuous display of the highest sales volume record for 12 consecutive months. The General Manager of 'ZAPTO' chain of stores, Rajkumar, was informed by his Marketing Manager, Madhuraj, that Arun was a very aggressive and dynamic sales representative having a strong target commitment and orientation.

Within a span of two years, based on his good performance appraisal, Arun was promoted to the position of Assistant Marketing Manager. Under his new assignment, Arun had 8 sales representatives reporting to him and also to ensure that the sales target of his shop was met. Arun took to his new promoted assignments with the same zeal and enthusiasm. Arun now set the targets to be met by his team members for the first month and communicated the same, clearly indicating that all the team members have to meet the target without fail. The eight team members (sales representatives) felt that the targets set were too ambitious but declined to comment on it directly. After the meeting, during an informal chat all the team members discussed the matter amongst them and then dispersed.

Arun called for a review meeting at the end of a fortnight to take stock of the situation and was shocked and disappointed to learn that all the representatives were well behind the target set for them. Arun could not control his disappointment and openly and bluntly condemned them for not reaching the target. He once again reiterated that he expected all his team members to achieve their targets by the end of the month. After the meeting, the team members amongst themselves admitted that they found Arun to be a difficult person with an unapproachable mind-set. However, they also decided to give in their best efforts to achieve the targets assigned to them. But even with their sustained efforts they could achieve only 70 per cent of the target set by Arun, by the end of the month.

At the end of the month, when Arun reviewed the sales statements of his team, he was disappointed though slightly happy with the marginal improved efforts of his team. However, in the meeting instead of praising and encouraging his team's efforts, Arun communicated his displeasure and once again was emphatic and told his team that lack of commitment from them was stopping them from attaining their target, so they had to try hard once again. This outburst was not liked by his team. And in the next month-end briefing, Arun was greeted with well below the target set. Arun now openly rebuked his sales representatives' team, for their slow performance and refused to accept that he had set too high targets for his team. Ultimately, the team members met their Marketing Manager, Madhuraj and conveyed everything to him. Madhuraj was shocked but promised to talk to Arun.

Questions for discussion :

1. In the above case, what are the problems affecting the team's effectiveness and performance?
2. Do you feel Madhuraj should modify team members roles before talking to Arun ?

3. Can you suggest ways by which Arun can be develo[1]ped as good team leader?

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